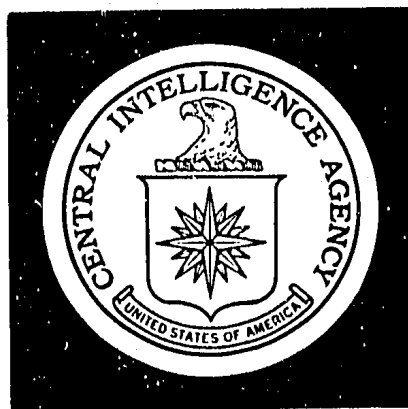


Declassified in Part - MAGHIEB
Sanitized Copy Approved for Release 2011/10/31 :
CIA-RDP85T00875R00160003

Declassified in Part -
Sanitized Copy Approved for Release 2011/10/31 :
CIA-RDP85T00875R00160003

~~Secret~~

25X1



DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

The Military And Economic Aid Ties Of The Maghreb

~~Secret~~

ER IM 70-57
May 1970

Copy No. 41

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1
Excluded from automatic
downgrading and
declassification

SECRET

25X1

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
May 1970

INTELLIGENCE MEMORANDUM

The Military And Economic Aid Ties
Of The Maghreb

Introduction

The four Maghreb states -- Algeria, Libya,* Morocco, and Tunisia -- have followed separate national policies in their foreign economic and military relations since independence. While all four have maintained strong ties to the West, several of them -- Algeria in particular -- have rapidly expanded their economic relations with European Communist countries. This memorandum traces the Maghreb's recent foreign trade and aid ties, and assesses the extent of their economic and military dependence on Western and Communist nations.

Economic Aid Activity in the Maghreb

The Predominance of Western Assistance

1. The countries of the Maghreb have retained close economic ties with the developed countries of the West during the past decade in spite of Communist efforts to reduce Western influence. Long established commercial relations continue to dominate the trade patterns of all the Maghreb countries, and most of the economic and technical assistance as well as academic and technical training programs are still sponsored by the West.

* *While Libya has never been a Francophone country, it is generally considered to be among the Maghreb states.*

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Current Intelligence and the Office of National Estimates.

SECRET

25X1

SECRET

2. Almost all of the nearly \$3.5 billion of economic aid delivered to the Maghreb countries since 1960 has been provided by Western nations that are members of the Development Assistance Committee (DAC). Communist countries have contributed only slightly more than \$100 million, or about 3% of the total aid delivered (see Table 1). Among the Western countries, France, the leading donor, supplied about one-half of the total; the United States about 40%; and the United Kingdom, Italy, and West Germany most of the remainder.

3. Private Western investors have continued to make capital available to the Maghreb countries at a level that approximates one-half of the annual average inflow of public bilateral economic aid. Except for Libya, where private investment has been predominately by US companies, French capital flows have been most important. The continuing net flow of private capital, which is estimated at approximately \$150 million for 1968, has been of particular significance to the economies of the Maghreb countries because foreign official sources have allocated only minor amounts of aid for development projects.

4. For the most part, official French assistance to the Maghreb countries, especially Algeria, has been provided to fill the gap in administrative and professional services created by the departure of French residents after independence, and to stave off financial collapse of the newly formed governments. Thus, two-thirds of the \$1.6 billion of French aid delivered during 1960-68 was for technical services and budgetary support. Most of the aid provided by the United States to the Maghreb countries has been through the Food for Peace Program, and only negligible amounts have been for development purposes.

5. Algeria, the major Maghreb recipient of foreign aid, received \$1.4 billion of aid from DAC members after its independence in 1962 through 1968. All but \$175 million was provided by France. Algeria accounts for 45% of all Western aid to the Maghreb since 1960. Morocco, the second largest recipient, and Tunisia, the third, each received approximately 25% of total DAC member aid disbursed to the Maghreb between 1960-68. Approximately 60% of the aid to these two countries was provided by

Table 1
Deliveries of Economic Aid to the Maghreb Countries
1960-68 ^{a/}

Million US \$					
Donor	Total	Algeria ^{b/}	Libya	Morocco	Tunisia
<i>Total ^{c/}</i>	<i>3,188</i>	<i>1,465</i>	<i>170</i>	<i>823</i>	<i>730</i>
DAC member countries	<u>3,098</u>	<u>1,405</u>	<u>170</u>	<u>817</u>	<u>706</u>
France	1,644	1,227	N.A.	272	145
United States	1,199	163	106	482	448
Other ^{d/}	255	14	64	64	112
Communist countries	<u>90</u>	<u>60</u>	<u>0</u>	<u>6</u>	<u>24</u>
USSR	46	30	0	1	15
Eastern Europe	19	5	0	5	9
Communist China	25	25	0	0	0

- a. Data for DAC member countries are not available for 1969, but if projected at the average annual rate for 1966-68, approximately \$275 million would be added to total DAC disbursements for 1969. Communist countries made deliveries of about \$15 million in 1969.
- b. Deliveries to Algeria are counted only from the date of independence in July 1962.
- c. Only deliveries from DAC member countries and the Communist countries are included in total aid deliveries inasmuch as data for other donors are not available. Because of rounding, components may not add to the totals shown.
- d. Including Austria, Belgium, Canada, Denmark, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and West Germany.

SECRET

the United States. Aid deliveries to Libya, which have declined steadily since 1960, total \$170 million, of which 60% has been supplied by the United States.

Communist Aid to the Maghreb

6. Although Communist countries have extended almost \$500 million of economic aid to three Maghreb countries (Algeria, Morocco, and Tunisia), little more than 20% of this amount had been delivered by the end of 1969 (see Table 2). The main reason for this slow rate of utilization is the character of Communist assistance. Unlike most Western aid to the Maghreb, Communist aid is almost entirely for capital projects, many of which require long lead-times for survey, construction, and installation. Shortages of skilled manpower and weakness of planning and management in recipient countries, particularly Algeria, added to the lag in the utilization of aid. Most of the Communist aid has been provided by the USSR, which extended over \$315 million, or about 65% of the total. East European countries have extended \$130 million of aid and Communist China only about \$50 million.

7. Algeria, the major Western aid recipient in the Maghreb, also has been the largest beneficiary of Communist economic aid to that area. Communist nations' commitments of \$310 million to Algeria amount to more than 60% of the total Communist economic aid extended to the Maghreb. The remainder, about \$185 million, has been extended to Tunisia and Morocco, mostly for light industrial projects and water resource development. Only a small portion of this aid has been drawn. Moreover, the \$128 million Soviet credit extended to Algeria in 1964 for a steel mill represents the USSR's largest and most important single industrial undertaking in an African country.* The Soviet Union also has extended a \$100 million line of credit to Algeria which has been allocated to light industrial installations, dams and irrigation projects, and geological prospecting. Other Communist countries also have concentrated their Maghreb aid undertakings in Algeria. Of particular significance is the \$50 million Communist Chinese credit, extended to Algeria in 1963, of which almost one-half was provided in foreign exchange.

* *Excluding the UAR.*

SECRET

Table 2
Communist Economic Aid to the Maghreb Countries
Extended and Drawn, 1960-69

	Million US \$							
	Total		Algeria		Tunisia		Morocco	
	Extended	Drawn	Extended	Drawn	Extended	Drawn	Extended	Drawn
USSR	316	60	238	42	34	17	44	1
Eastern Europe	131	20	22	6	74	9	35	5
Communist China	52	25	52	25	0	0	0	0
<i>Total</i>	<i>499</i>	<i>105</i>	<i>312</i>	<i>73</i>	<i>108</i>	<i>26</i>	<i>79</i>	<i>6</i>

SECRET

Technical Assistance

8. The predominance of Western involvement in the Maghreb is especially apparent in the vastly larger numbers of Western technicians (about 26,700) working under Western government-sponsored aid programs during 1968 (see Table 3); in addition, probably at least as many were working in the Maghreb under commercial contract. Communist countries were represented by only about 6,300 technicians, under both aid and commercial contract -- about one-tenth the size of the Western presence.

Table 3

Foreign Economic Technicians
in the Maghreb Countries
1968

Persons ^{a/}					
<u>Donor</u>	<u>Total</u>	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<i>Total</i>	33,015	12,450	2,740	11,410	6,415
DAC members <i>b/</i>	26,685	9,920	840	11,150	4,775
France	24,275	9,730	140	10,655	3,750
Italy	490	5	375	100	10
United Kingdom	150	10	110	15	15
United States	820	0	195	195	430
West Germany	380	75	15	80	210
Other	570	100	5	105	360
Communist	6,330	2,530	1,900	260	1,640
USSR	1,990	1,700	0	80	210
Eastern Europe	4,240	730	1,900	180	1,430
Communist China	100	100	0	0	0

a. Numbers are rounded to the nearest 5 and include only technicians from DAC member countries and Communist countries.
b. Does not include technical personnel from these countries that are sponsored by private sources.

9. Most of the Western personnel in the Maghreb are teachers and other nonproject-related technicians. Indeed, of the 24,300 French technicians under

SECRET

official sponsorship, representing 90% of the total Western presence, more than 80% were teachers. Similarly, the majority of Communist technicians in the Maghreb states have not been associated with development projects. In Tunisia and Morocco, personnel from the Communist states, largely from Eastern Europe, were predominantly administrative, educational, and professional personnel. Most of the 1,900 Communist "technical" personnel working in Libya were in fact semiskilled laborers from Eastern Europe working under commercial contract, assigned to urban reconstruction work, including housing, sewer lines, and similar activities.

Academic and Technical Students

10. Historically, students from the Maghreb countries have gone to the West, especially to France, for advanced education. This pattern has not been changed radically since independence, although almost 800 technical and academic students from the Maghreb were studying in Communist countries in 1968 (see Table 4). Five times as many -- about 4,100 -- were students in DAC member countries during the same year.

Trade Also Dominated by the West

11. As with aid, the Maghreb's expanding global trade remains tied to the West. In 1968, Free World countries supplied about 90% of the imports of Maghreb countries and took 95% of their exports (see Table 5). Moreover, even though the Maghreb's trade with Communist countries has grown much faster than its total trade during the past few years, trade with Communist countries still accounted for no more than 15% of the total trade of any Maghreb country in 1968 as shown in Table 6.* France has continued to be the Maghreb's most important trading partner, accounting for more than two-thirds of Algeria's total trade in 1968 and approximately one-third of Morocco's and Tunisia's. West Germany and Italy are Libya's major trading partners. The United States accounted for only about 7% of the Maghreb's global trade in 1968.

* In 1969, total trade of the Maghreb may have expanded by as much as 5% over 1968, and its trade with Communist countries by somewhat more.

SECRET

Table 4

Academic Students and Technical Trainees
from the Maghreb Countries Studying Abroad
1968

	Persons ^{a/}				
	<u>Total</u>	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<i>Total abroad</i>	4,865	1,360	185	1,475	1,845
Students	2,945	695	95	1,080	1,075
Technical trainees	1,920	665	90	395	770
In DAC member countries	<u>4,075</u>	<u>985</u>	<u>165</u>	<u>1,310</u>	<u>1,615</u>
Including:					
Students	2,340	450	90	915	885
Technical trainees	1,735	535	75	395	730
Studying in:					
Belgium	300	45	0	150	105
France	2,475	700	10	895	870
United Kingdom	105	35	40	15	15
United States	330	25	55	110	140
West Germany	590	105	35	105	345
Other	275	75	25	35	140
In Communist countries ^{b/}	<u>790</u>	<u>375</u>	<u>20</u>	<u>165</u>	<u>230</u>
Including:					
Students	605	245	5	165	190
Technical trainees	185	130	15	0	40
Studying in:					
USSR	405	195	5	145	60
Eastern Europe	385	180	15	20	170

a. Numbers are rounded to the nearest 5.

b. The number present in December 1968.

SECRET

Table 5

World Trade of the Maghreb Countries a/
1968

	Million US \$				
	<u>Total</u>	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<i>Maghreb: Total imports b/</i>	2,120.3	706.9	644.0	551.3	218.1
Free World	<u>1,942.0</u>	<u>661.9</u>	<u>590.7</u>	<u>489.3</u>	<u>200.1</u>
Of which: c/					
France	713.0	471.3		168.8	72.9
Italy	159.0		159.0		
United Kingdom	73.9		73.9		
United States	275.9	52.8	108.6	70.0	44.5
West Germany	53.4		53.4		
Communist	<u>194.7</u>	<u>61.4</u>	<u>54.4</u>	<u>61.4</u>	<u>17.5</u>
USSR	60.5	31.9	6.1	19.2	3.3
Eastern Europe	92.1	21.9	35.9	20.6	13.7
Other	42.1	7.6	12.4	21.6	0.5
<i>Maghreb: Total exports b/</i>	3,247.9	772.4	1,867.4	450.3	157.8
Free World	<u>3,105.7</u>	<u>722.6</u>	<u>1,864.2</u>	<u>391.3</u>	<u>127.6</u>
Of which: c/					
France	782.8	557.4		188.9	36.5
Italy	370.7		370.7		
United Kingdom	344.5		344.5		
United States	126.5	5.3	107.8	10.6	2.8
West Germany	494.0		494.0		
Communist	<u>155.5</u>	<u>56.6</u>	<u>2.4</u>	<u>62.1</u>	<u>34.4</u>
USSR	51.4	27.7		18.3	5.4
Eastern Europe	75.3	18.3	2.4	30.5	24.1
Other	28.8	10.6		13.3	4.9

SECRET

SECRET

Table 5

World Trade of the Maghreb Countries a/
1968
(Continued)

-
- a. Soviet data are from the official Soviet trade yearbook, Foreign Trade Handbook; data for Eastern Europe and other Communist countries are based on official trade statistics of the Maghreb countries; and figures for the Free World and total imports and exports are from official country data reported by the IMF, in Direction of Trade, and by the US Department of Commerce.*
- b. The components do not add to the totals shown because of differences between Soviet and Free World reporting.*
- c. Figures are given only for major trading partners.*

12. As shown in Table 6, the importance of trade with Communist areas differs substantially among the several Maghreb countries particularly with regard to exports. This difference reflects the tremendous importance of oil in Libyan and Algerian exports, virtually all of which is sold to the West for hard currencies. Crude oil sales, which made up virtually all of Libya's exports, in 1968 came to almost \$1.9 billion -- more than the total exports of the other three Maghreb countries combined. Crude oil exports, valued at \$670 million, also accounted for a large share -- over 85% -- of total Algerian exports in 1968. Petroleum sales by both countries have grown extremely rapidly in recent years.

13. Morocco, with no oil to export, and Tunisia, still with only modest amounts, have had to count largely on phosphate fertilizers and tourism as their chief hard currency earners. Both countries have faced near stagnant sales of phosphates in the West and have turned to Communist areas -- Eastern Europe in particular -- which, in 1968, purchased 25% of Tunisia's phosphates and 20% of Morocco's. These two countries are not alone in using Communist markets to dispose of goods that cannot find a ready market in the West. Algeria, faced with a drastic cut in French purchases of wine in 1967, signed a 5-year clearing agreement with the USSR in 1968 to purchase Soviet goods in exchange for \$40 million of wine annually. There are indications that French

SECRET

SECRET

Table 6

Communist Countries' Share
of the Maghreb Countries' Trade
1968 a/

	Percent of Total		
	Communist Share of		
	Exports from	Imports by	Turnover
Algeria	7.3	8.7	8.0
Libya	0.1	8.4	2.3
Morocco	13.8	11.1	12.3
Tunisia	21.8	8.0	13.8

a. While shares differ somewhat from year to year, the pattern of the past few years approximates that of 1968.

purchases of Algerian wine may be used this year at the expense of Soviet purchases, but the French market is highly uncertain in the longer term.

14. For all but one of the Maghreb countries, external payments pose no serious constraint. Rapidly rising Libyan oil revenues have outpaced imports, giving Libya a foreign currency reserve of around \$1 billion at the end of 1969. Similarly, Algerian reserves rose to about \$600 million -- equal to roughly 85% of its 1968 import level. Morocco too has increased its reserves, which in 1969 reached \$115 million -- double the 1967 level. Only Tunisia, with reserves at around \$35 million, faces serious payments problems. With the cessation of phosphate sales to India, formerly its major customer, and with the decline of Western phosphate purchases, Tunisia will look to Eastern Europe to buy increasing quantities of its rising phosphates production. This decline, however, may be offset by gains in other exports, such as petroleum.

SECRET

SECRET

Military AidGeneral

15. The four countries of the Maghreb rely entirely on foreign sources of supply for modern military equipment. Since 1952, these four states together have received a total of approximately \$250 million in Western military aid and sales, about 45% of which was from the United States. In addition, Algeria and Morocco have received an estimated \$290 million of Communist arms aid, almost all of which was from the USSR (see Table 7).

Table 7

Military Assistance and Sales
to the Maghreb Countries a/
1952-69

	Million US \$			
	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<u>Communist</u>				
<i>Total</i>	254	0	33	0
Bulgaria	1	--	--	--
Communist China	12	--	--	--
Czechoslovakia	--	--	20	--
USSR	241	--	13	--
<u>Free World</u>				
<i>Total</i>	21	76	105	44
United States b/	--	33	49	25
Belgium	--	2	5	--
France	4	Negl.	41	14
Iraq	3	--	--	--
Israel	--	--	4	--
Italy	Negl.	Negl.	5	3
Morocco	1	--	--	--
Spain	--	--	1	--
UAR	5	--	Negl.	Negl.
United Kingdom	3	40	Negl.	1
West Germany	4	Negl.	--	1
Yugoslavia	1	1	--	Negl.

a. Values given are for actual deliveries and exclude outstanding credits not yet drawn.

b. Data as of 30 June 1969.

SECRET

16. Military expenditures have not taken an inordinately large share of the total current expenditures budget of any Maghreb country (see Table 8). Similarly, arms debt repayments have not been a significant burden.

Table 8

Military Expenditures of the Maghreb Countries

		Value in Million US \$			
		<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Algeria					
Value					
Total budget <u>a/</u>		765	822	959	1,196
Of which:					
Defense expenditures		98	130	125	105
Defense expenditures as a percent of budget		(13)	(16)	(13)	(9)
Libya					
Value					
Total budget <u>a/</u>		296	462	670	734 <u>b/</u>
Of which:					
Defense expenditures		22	48	59	58
Defense expenditures as a percent of budget		(7)	(10)	(9)	(8)
Morocco					
Value					
Total budget <u>a/</u>		489	475	558	687
Of which:					
Defense expenditures		57	59	63	80
Defense expenditures as a percent of budget		(12)	(12)	(11)	(12)

SECRET

Table 8
Military Expenditures of the Maghreb Countries
(Continued)

		Value in Million US \$			
		<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Tunisia					
Value					
Total budget a/		289	315	345	376
Of which:					
Defense expenditures		8	9	8	21
Defense expenditures as a percent of budget		(3)	(3)	(2)	(6)

a. Total budget comprises current and development budgets.
b. Estimated.

Algeria and Morocco, which have received Soviet military aid on liberal terms -- large discounts, credits repayable in 10 years at 2% interest, and varying grace periods -- are believed to have made repayments largely in commodities or soft currency. These payments, as shown in Table 9, have in no case exceeded 1% of the total annual exports of either country.

Table 9
Estimated Repayments for Communist Military Aid a/

		Million US \$						
	<u>Total</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Algeria	10.8	--	0.1	0.7	1.0	1.8	3.7	3.5
Morocco	12.3	4.0	0.6	0.6	0.5	0.6	3.0	3.0

a. All data represent repayments to the USSR, except for an estimated \$5 million paid by Morocco to Czechoslovakia in 1968-69.

SECRET

SECRET

17. French military aid is usually provided on somewhat less favorable terms -- generally smaller discounts, with credits repayable in 8 years at 4.5% interest. Repayment of French aid presumably is made in commodities or local currency, while outright sales probably call for hard currency. Even in the case of Morocco, the chief recipient of French aid in the Maghreb, payments for French equipment probably have not exceeded \$1 million per year. Similarly, Libya, the largest UK arms customer in the area, has had ample funds to purchase British military hardware, with estimated payments before 1969 probably amounting to not more than \$2 million to \$3 million per year.

Algerian Government Turns to the USSR
for Arms Aid

18. During its war for independence, the Algerian independence movement (FLN) received an estimated \$16 million worth of military assistance on a grant basis from Communist China, the USSR, and Bulgaria. The existence of longstanding territorial disputes among Algeria, Morocco, and Tunisia stimulated postindependence arms buildups in these countries. Moroccan claims on Algerian territory, following the latter's independence in 1962, resulted in a brief border war between Algeria and Morocco in October 1963. As a result of their poor military showing, the Algerians turned to the USSR for major military assistance. The USSR responded generously, agreeing to provide Algeria with about \$235 million of military aid in agreements signed in October 1963 and May 1965. This was more than the total aid received by the three other Maghreb states from all sources during the same period. The estimated value of Soviet military aid deliveries to Algeria is shown in the following tabulation:

Million US \$								
<u>Total</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
241	3	7	60	30	85	40	15	1

Both Morocco and Tunisia, concerned over Algeria's military buildup, sought additional military aid,

SECRET

obtaining approximately \$175 million in arms -- mostly from Western countries -- from 1962-69.

19. Soviet arms aid has made Algeria by far the strongest power in the Maghreb, with a clear superiority in virtually every category of modern weapons (see Tables 10 and 11). The quantities and types of materiel received -- including MIG-21 fighters and Komar and Osa-class missile patrol boats -- have gone far beyond any reasonable defensive requirement against possible Tunisian or Moroccan attacks.

Table 10

Major Communist Military Equipment
Delivered to the Maghreb Countries
1960-69

	<u>Algeria</u>	<u>Morocco</u>
<u>Land armaments</u>		
Medium tanks	360	122
Self-propelled assault guns	100	30
Armored personnel carriers	500	80
Field and AA artillery	900	100
<u>Naval ships</u>		
Minesweepers	2	--
Submarine chasers	6	--
Motor torpedo and missile boats	21	--
Auxiliary craft	3	--
<u>Aircraft</u>		
Light jet bombers	32	--
Jet fighters	110	12
Heavy transports	7	--
Trainers and helicopters	64	5
<u>Missiles</u>		
Surface-to-air missile launchers	18	--

SECRET

Table 11

Major Free World Military Equipment
Delivered to the Maghreb Countries
1952-69

<u>Type of Equipment</u>	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<u>Land armaments</u>				
Medium tanks	--	6	--	--
Light tanks	--	--	129	17
Self-propelled assault guns	--	--	87	--
Personnel carriers and armored cars	62	220	111	11
Artillery pieces	52	146	236	84
<u>Naval ships</u>				
Minesweepers	2	2	--	--
Submarine chasers	--	--	4	1
Motor torpedo and patrol boats	2	11	12	10
Auxiliary craft	--	2	17	2
<u>Aircraft</u>				
Jet fighters	11	10	7	12
Trainers, transports, and helicopters	50	20	168	56

20. The Algerians have been trying to absorb this vast influx of Soviet equipment through an extensive Soviet-supervised training program and a far-reaching reorganization of ground forces. At least 1,200 Soviet military advisers have been present in Algeria since late 1967, although the number may have been reduced since late 1969. A total of some 2,100 Algerian military students have been sent to Communist countries for training. Despite this effort, deficiencies in training and organization continue to handicap the effectiveness of Algeria's military forces. The establishment of an operational SAM system, for example, has lagged because of Algerian training difficulties, and the

SECRET

SECRET

fighter interceptor capability of the air force is similarly limited.

25X1
25X1

21. Soviet-Algerian relations have noticeably cooled since the June 1967 Arab-Israeli war. This cooling in relations is evident in the slowing rate of Soviet military equipment and spare parts deliveries -- there have been no deliveries of major military equipment since 1968 when the 1965 agreement presumably was fulfilled* -- and in the stiffening in arms repayment terms. Prior to June 1967, the USSR followed a relatively liberal aid policy toward Algeria, providing an estimated 50% of the equipment on a grant basis in the form of price discounts. Since that time the USSR reportedly has required that all equipment be paid for on a credit or barter basis. Moreover, the USSR in 1969, apparently for the first time, insisted on payment in hard currency for specialized equipment, such as the two MI-6 helicopters ordered in June of that year.

French Arms Aid to Algeria

22. As relations with the USSR have eroded, Algeria has begun to look more toward France for military assistance. Prior to 1968, Algeria had purchased only minor quantities of infantry weapons, armored cars, and miscellaneous equipment from its former metropole, although a moderate-sized French training program had continued. In response to Algerian requests in early 1968, the French agreed to double the number of Algerian training slots in France to nearly 700, including pilot training and technical courses, beginning in September 1968.

23. Increased French technical assistance was followed by Algeria's first request for French aircraft, as well as additional ground equipment.**

* Two Soviet MI-6 helicopters valued at \$2 million each were delivered in January 1970 under an apparent 1968 commercial contract.

25X1

SECRET

SECRET

Three Dassault Falcon executive-type transports were purchased in early 1969, followed by agreements to purchase 28 Fouga Magister jet trainers, two helicopters, and some 50 Panhard armored cars, at a reported total cost of about \$10 million. The French also agreed to train Algerian flight instructors and maintenance crews in Algeria. *

25X1

25X1

Maghreb's Reliance on Western Aid

24. In contrast to Algeria, the other three Maghreb countries have relied almost entirely on Western sources of arms aid. Next to the United States, France has been the principal source of military equipment for Morocco and Tunisia, while the United Kingdom -- prior to the recent French aircraft agreement -- was the prime arms supplier to Libya (see Table 7). Belgium, Italy, and West Germany also have sold minor quantities of assorted air and ground equipment to the Maghreb.

25. France similarly has been the major source of military training assistance to Morocco and Tunisia, and soon will become so in the case of Libya as well. In addition to the 350 French advisers in Algeria, about 400 serve in Morocco, and a handful serve in the small Tunisian armed forces (see Table 12). Some French personnel in Morocco are directly under Moroccan command and are partially paid by Morocco. Those in Algeria and Tunisia serve in a status similar to US military advisory groups, as have the 100 or so British advisers in Libya. Almost all officer and skilled technical

ILLEGIB

SECRET

SECRET

Table 12

Military Technical Assistance
June 1969

	<u>Persons</u> ^{a/}			
	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>
<u>Military technicians</u> <u>in country</u>				
Communist	<u>1,200</u>	<u>0</u>	<u>20</u>	<u>0</u>
USSR	1,200	--	--	--
Czechoslovakia	--	--	20	--
Free World	<u>450</u>	<u>525</u>	<u>405</u>	<u>5</u>
France	350	--	400	3
Iran	--	--	5	--
Israel	--	--	N.A.	--
Italy	--	--	--	2
Nationalist China	--	25	--	--
UAR ^{b/}	100	400	--	--
United Kingdom	--	100	--	--
<u>Military trainees abroad</u>				
In Communist countries	<u>525</u>	<u>0</u>	<u>40</u>	<u>0</u>
USSR	500	--	--	--
Czechoslovakia	--	--	40	--
Cuba	25	--	--	--
In Free World countries	<u>380</u>	<u>230</u>	<u>405</u>	<u>30</u>
France	350	--	400	N.A.
Greece	--	110	--	5+
Italy	20	--	5	--
Turkey	--	--	--	25+
UAR	10	--	--	--
United Kingdom	--	120+	--	--
West Germany	--	N.A.	N.A.	--

a. Numbers are rounded to the nearest 5 except in the case of Tunisia.

b. As of January 1970.

SECRET

SECRET

training for Libya, Morocco, and Tunisia has taken place in military schools in Western countries. In early 1969, however, Tunisia agreed to allow France to establish a postgraduate military school to train Tunisian army officers. The creation of the new school will result in a substantial increase in the size of the French advisory contingent in Tunisia and will reduce the strain on military schools in France.

26. Morocco is the only Maghreb country, other than Algeria, that has received Communist military assistance. Soviet agreements concluded in 1950 and 1962, and a small one signed in 1966, totaled about \$13 million. Most of the major equipment received under these accords, including 12 jet fighters and two jet trainers, currently is inoperable because of a lack of spare parts. A \$20 million agreement was signed with Czechoslovakia in 1967 for tanks, self-propelled assault guns, armored vehicles, and a tank training school. In 1968, Morocco resumed its military supply relationship with France by purchasing 24 Fouga Magister jet trainers. In the same year, a \$2 million vehicle deal with West Germany also was concluded.

27. Since independence in 1956, Tunisia has received a modest amount of US, French, Italian, and other Western military materiel including some older vintage aircraft, ground equipment, and a few naval patrol craft. Two missile-equipped coastal patrol boats, currently under construction in France, are scheduled for delivery in 1970. Most recently, a \$5 million French arms agreement, including three transport aircraft, 13 light tanks, and some infantry equipment, was concluded in November 1969. In addition, Italy in 1969 agreed to provide Tunisia with a comprehensive, country-wide radar system, valued at \$10 million, to be in full operation by the end of 1974.

28. Unlike the other Maghreb states, Libya did not establish an arms supply relationship with France until after the coup in September 1969. Prior to that time, the United Kingdom was the primary military supplier to Libya, providing some \$40 million worth of ground, naval, and air equipment supplemented by about \$30 million in US arms aid. Plans for army expansion -- drawn up prior to the coup -- included acquiring an air defense

SECRET

SECRET

system and the formation of mechanized and armored brigades. A highly ambitious procurement program involved British contracts for a complete mobile surface-to-air missile system -- including modern Thunderbird and Rapier guided missiles -- valued at \$288 million and a \$112 million agreement for 188 Chieftain tanks and some 300 other armored vehicles. After the 1969 coup, the new Libyan government canceled the air defense agreement, although the first installment of \$80 million had already been paid. The armored vehicle agreement remains in force; however, its future status is uncertain.

29. The recent French-Libyan agreement for at least 110 jet aircraft represents a dramatic shift in Libya's military aid relations. Included are 30 supersonic Mirage III-E interceptors and 50 Mirage V fighter bombers, in addition to trainers. The first 15 aircraft are scheduled for delivery in 1971, and the balance during 1972-74. The cost of the aircraft transaction was not disclosed, but is estimated to be at least \$150 million. The terms of the agreement expressly prohibit the re-sale or re-export of these aircraft without French permission.

30. While Libya might reasonably hope to absorb as many as 100 Mirage aircraft over the next several years, considerable pilot and ground crew training -- most of which will be provided by France -- will be required to enable the Libyans to effectively handle these sophisticated aircraft. Libya presently has no pilots or mechanics qualified in supersonic aircraft, and few airfields and maintenance facilities. The Wheelus and El Adem air bases now being evacuated by the United States and United Kingdom probably will be adapted for use by the Mirages. Training of Libyan personnel, however, will be a much more drawn out affair.*

* Basic pilot training takes a minimum of one year, and at least another year is required for basic proficiency on sophisticated aircraft, such as the Mirage. Basic maintenance training takes 15 weeks and specialized mechanics' training requires at least another year for personnel with the equivalent of a US high school education.

SECRET

SECRET

French officials estimate that it will take 3 to 4 years to train the 200 pilots and 1,000 maintenance crewmen needed to operate and service the aircraft on order. The first Libyan pilots are scheduled to begin training in France in the near future.*

31. To date, the Libyan government has shown no inclination to cultivate strong links with the USSR. A Soviet offer of military assistance made immediately after the coup was rejected.

Conclusions

32. Recent developments in the Maghreb states' foreign relations have reinforced their already strong links with the West, particularly with France, and have created an atmosphere more conducive to cooperation within the region. A major factor has been the formal settlement of Algeria's longstanding border dispute with Tunisia and a tacit agreement with Morocco to relax border tensions. Perhaps even more important is the common opposition of these three states to the spread of Nasser's influence into Libya. These developments, together with more favorable trade and payments positions for three of the four Maghreb countries, have made the extension of significant Soviet influence into the region even less likely than heretofore.

33. In their economic relations, all four Maghreb states remain heavily oriented toward the West, which accounts for more than 95% of the trade of each. Of \$3.5 billion of foreign economic aid delivered to the Maghreb since 1960, France supplied about half and the United States about 40%. Communist states altogether accounted for only about 3% of the total. In addition, private Western capital flows to the area have been substantial, amounting to perhaps as much as \$150 million in 1968 alone. The Maghreb states also have received

25X1

SECRET

large-scale technical assistance, chiefly doctors, teachers, and other professional personnel not associated with development aid. In 1968, the French government provided about 24,300 technical personnel, other Western states 2,400, and Communist countries about 6,300. In addition to the technicians sponsored by Western governments, probably at least as many have been working in the Maghreb under private contract.

34. In terms of military aid to the Maghreb, only Algeria received large quantities of military equipment from the USSR. As relations with Moscow have cooled, Algeria in the past year and a half has turned to France for purchase of jet trainers and a substantial amount of ground equipment. The scope of French-provided military training also has been enlarged. The other three Maghreb states have essentially maintained their traditional reliance on the West -- primarily the United States, the United Kingdom, and France -- for military assistance, although France recently has displaced the United States and the United Kingdom as the prime source of military equipment for Libya.

SECRET